



ORDER NUMBER

G-307-21

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

the *Insurance Corporation Act*, RSBC 1996, Chapter 228, as amended

and

Insurance Corporation of British Columbia
Revenue Requirements Application for Universal Compulsory Automobile Insurance
Effective May 1, 2021

BEFORE:

A. K. Fung, QC, Panel Chair
K. A. Keilty, Commissioner
B. A. Magnan, Commissioner

on October 28, 2021

ORDER

WHEREAS:

- A. On December 15, 2020, the Insurance Corporation of British Columbia (ICBC) filed an application with the British Columbia Utilities Commission (BCUC) for its 2021 Revenue Requirements for Universal Compulsory Automobile Insurance (Basic insurance), seeking a Basic insurance rate decrease of 15 percent for the policy year commencing May 1, 2021 (PY 2021), among other requests (Application);
- B. Pursuant to the *Insurance Corporation Act* and *Special Direction IC2 to the BCUC, BC Regulation 307/2004, as amended* (Special Direction IC2), the BCUC's jurisdiction with respect to the regulation of ICBC's revenue requirements and rates is restricted to Basic insurance. The BCUC has no jurisdiction over ICBC's Optional insurance business and does not set rates for Optional insurance;
- C. On December 14, 2020, the Lieutenant Governor in Council (LGIC) approved Order in Council No. (OIC) 631/20 directing ICBC to apply for approval of Basic insurance tariff (Tariff) amendments as set out in OIC 631/20 (Tariff Amendment Application in Support of Enhanced Care and Enhanced Care Rebate Directive);
- D. On December 14, 2020, the LGIC also approved OIC 632/20 directing ICBC, in part, to file a 23-month Basic insurance revenue requirements application for PY 2021, and to reflect in rates for PY 2021 a capital build provision that would result in an 11.5 percentage point increase to the general rate change and a capital maintenance provision that neither increases nor decreases the percentage change in rates (General Rate Change Directive);

- E. On December 14, 2020, the LGIC approved OIC No. 633/20, amending Special Direction IC2 such that the BCUC must, for PY 2021, regulate and fix rates in accordance with the Tariff Amendment Application in Support of Enhanced Care and Enhanced Care Rebate Directive and the General Rate Change Directive;
- F. By Order G-12-21 dated January 14, 2021, the BCUC approved an interim rate decrease of 15 percent for all new or renewal policies with an effective date on or after May 1, 2021;
- G. By Orders G-12-21, G-134-21 and G-221-21, the BCUC established, among other things, a regulatory timetable for the review of the Application which included public notice, intervener registration, a workshop, and two rounds of BCUC and intervener information requests to ICBC, followed by written final and reply arguments; and
- H. The BCUC has reviewed the Application and evidence filed in the proceeding and makes the following determinations.

NOW THEREFORE for the reasons provided in the decision issued concurrently with this order, the BCUC orders as follows:

1. ICBC is approved to decrease Basic insurance rates by 15.0 percent on a permanent basis for the 23-month policy year commencing May 1, 2021.
2. ICBC is approved to change the formula for the New Money Rate and Yield on Basic Equity, as set out in Section D.2 and Chapter 5 of the Application.
3. ICBC's request to keep the following information confidential is accepted:
 - The unredacted version of Chapter 7, Appendix 7D - 2020/21 Annual Information Technology Capital Expenditure Plan (Appendix 7D) and Chapter 7, Appendix 7D, Attachment 7D.1 – Data Analytics Platform (DAP) Project Update (Attachment 7D.1);
 - 2021.1 BCUC.43.3: First Additional Services Agreement and the Funds Management Agreement between ICBC and the British Columbia Investment Management Corporation (BCI);
 - 2021.1 RR BCUC.51.3, 2021.1 RR BCUC.65.1, 2021.1 RR BCUC.66.1-3, 2021.2 RR BCUC.80.2, 2021.2 RR BCOAPO.37.1 and 2021.2 RR BCOAPO.37.2: partially redacted to remove confidential content;
 - 2021.1 RR MoveUP.2.1: Attachment A - ICBC Culture & Flexible Work Assessment 2020 – Redacted; and
 - The responses to 2021.2 RR BCUC.86.1-3, 2021.2 RR BCUC.86.4-5 and 2021.2 RR BCUC 86.6-7.
4. ICBC is directed to comply with all other terms and directives in the decision that have been issued concurrently with this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of October 2021.

BY ORDER

Original signed by:

A. K. Fung, QC
Commissioner